

# HOW TO REDUCE BUSINESS COSTS



At some point, there may come a time when you have to face the inevitable and tighten budgets and reduce business costs to keep cash flowing. But where should you begin? Here are nine ideas on how to reduce business costs.

## 1. Reduce your overheads

The pandemic made many businesses realise that you don't necessarily need a big office space to run a business. If your business allows it, why not consider downsizing? You could even forego having formal business premises entirely. This can help you save on bills such as rent, electricity, gas and water – not to mention printers, furniture and office supplies.

## 2. Shop around

If you do decide to keep your office space, it's worth checking in on the cost of your supplies and utilities at least once a year. You may be able to find better deals on supplies or utilities such as energy and internet, for example. That doesn't mean you have to switch providers every time. Your current providers and suppliers will often be happy to offer you a better deal – or at the very least price match a competitor's offer – to keep your business.

## 3. Use digital services to streamline processes

Some manual business processes require a lot of labour which, of course, costs time and money. Digitising certain processes can help to save you time and some cash. These days there are countless online platforms to help you automate processes such as [invoicing](#), bookkeeping and accounting, project management, [payments and end-of-day reconciliation](#).

Moreover, using business software such as Microsoft Teams when communicating with fellow team members and clients can reduce costs associated with travelling to meetings in person.

## 4. Cut production costs

If your business relies on production, it can be a good idea to centralise or consolidate production space where possible. This can save your business cash associated with transport and shipping expenses and costs associated with producing parts in multiple factories. You could also consider selling any production material leftovers or [dead stock](#) to other businesses or DIY enthusiasts (e.g. via platforms such as Etsy) to help keep expenses down and reduce waste.



## 5. Buy less stock

Ordering stock can be a **huge financial commitment** upfront, especially for small businesses and startups. If you're worried about meeting your sales targets and not receiving your planned return on investment, consider ordering a smaller amount first. You can always place another order later.

## 6. Separate personal & business finance

When you're starting out, it's not unusual to initially draw cash from the same money pool. But this approach can get messy as your business grows and it becomes harder to draw a line between personal and business expenses. That's why it's a good idea to separate your personal finances from the business as soon as possible so you can maintain oversight of what's going in and out of your business account. This can help you spot and eliminate unnecessary spending and irregularities more easily.

## 7. Reshuffle your workforce

If cash is tight and you're worried about sustaining your current workforce long term, it could be helpful to create new employee rosters for the time being. This way, you can ensure you're using your team as effectively as possible, and while you may still have to cut some hours, you may not have to let anyone go just yet.

## 8. Upskill your team

Before recruiting someone new into your team and adding to your headcount, consider plugging the gap internally through upskilling. While there may be an initial monetary investment, upskilling your team is a move that can pay off in the long term. In fact, it's a win-win for both sides. You build a flexible team that you can utilise across multiple disciplines and your employees will expand their skill set, improve their career prospects and feel valued.

## 9. Hire contractors/freelancers

If you still need additional support for your business but can't afford to put someone on the payroll permanently, engaging a gig worker might be the way to go. Hiring a contractor or freelancer on a need-to basis instead of committing to a full-time employee is a great option if you're looking for someone to complement your skills for occasional or one-off projects. This allows you to scale quickly should things suddenly change in your business.

**Sometimes in business we have to make tough decisions in order to keep things moving in the right direction. And while cost-reducing measures may initially cut deep, they may save your business in the long run. Just remember that all financial downturns can pass – what counts is what you do next to help you achieve business prosperity.**

